

October 17, 2019

**VIA ELECTRONIC FILING**

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29211

RE: Friends of the Earth and Sierra Club, Complainant/Petitioner v.  
South Carolina Electric & Gas Company, Defendant/Respondent  
Docket No. 2017-207-E

Request of the Office of Regulatory Staff for Rate Relief to South  
Carolina Electric & Gas Company's Rates Pursuant to S.C. Code  
Ann. § 58-27-920  
Docket No. 2017-305-E

Joint Application and Petition of South Carolina Electric & Gas  
Company and Dominion Energy, Incorporated for Review and  
Approval of a Proposed Business Combination between SCANA  
Corporation and Dominion Energy, Incorporated, as May Be  
Required, and for a Prudency Determination Regarding the  
Abandonment of the V.C. Summer Units 2 & 3 Project and  
Associated Customer Benefits and Cost Recovery Plans  
Docket No. 2017-370-E

Dear Ms. Boyd:

In Order No. 2018-804, dated December 21, 2018, the Public Service Commission of South Carolina ("Commission") approved the merger between Dominion Energy, Inc. and SCANA Corporation. That order, among other things, instructed Dominion Energy, Inc. and Dominion Energy South Carolina, Inc. ("DESC") to develop a Code of Conduct in collaboration with the South Carolina Office of Regulatory Staff ("ORS"). Specifically, the Commission provided that the "Code of Conduct shall be developed to assure that the utility and its officers, employees and agents act to assure that they adhere to their duty *to avoid the concealment, omission, misrepresentation, or nondisclosure of any material fact or information in any proceeding or filing before the Commission or ORS.*" Order No. 2018-804 at 102 (emphasis supplied).

(Continued . . .)

On July 1, 2019, Dominion Energy, Inc., DESC and SCANA Corporation filed a proposed Code of Conduct (the "2019 Code of Conduct") with the Commission that addresses each of the items specified in Order No. 2018-804. It also incorporated terms reflecting the provisions of Order No. 92-931, which approved certain requirements for financial transactions, affiliate transactions, property transactions, and proprietary customer information. The letter that accompanied the filing on July 1, 2019, recounted the collaborative effort required by Order No. 2018-804, and informed the Commission that the code of conduct adopted by the North Carolina Utilities Commission ("North Carolina Code of Conduct") was reviewed during the collaborative process. The North Carolina Code of Conduct applies to Dominion Energy North Carolina, Inc. and Public Service Company of North Carolina, Inc. ("PSNC") regarding their interactions with their affiliates and nonpublic utility operations.

Certain of ORS's proposed additions to the 2019 Code of Conduct were incorporated in the filing on July 1, 2019. Others (the "Additional North Carolina Provisions") went well beyond the requirements of Order No. 2018-804 and were rejected by DESC during the collaborative process. Adopting them would have expanded the complexity of the Code of Conduct, made compliance with it more difficult and uncertain and multiplied the number of waiver requests and other regulatory proceedings that would be required going forward. All of this would have unnecessarily added expense to the utility, which would have increased costs to customers.

In the collaborative process, DESC requested that ORS point to the specific concerns, problems, or practices related to DESC's operations in South Carolina that would justify the additional complexity, expense and regulatory burden from adopting the Additional North Carolina Provisions. ORS made no substantive response to this request, but instead relied on the fact that the Additional North Carolina Provisions had been adopted in North Carolina. To be clear, ORS did not identify any specific concerns, problems, or practices related to DESC's South Carolina operations—actual or anticipated—that the Additional North Carolina Provisions would correct.

Because ORS could point to no specific reason to adopt Additional North Carolina Provisions, it was unclear how customers would benefit from them, or how their burden and expense—which ultimately must be borne by customers—could be justified. For that reason, DESC did not include the Additional North Carolina Provisions in its filing of July 1, 2019.

On August 2, 2019, ORS filed correspondence with the Commission asking that the Commission impose the Additional North Carolina Provisions on DESC by regulatory fiat. In its filing, ORS does not point to any specific concerns, problems,

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or practices related to DESC's operations that would justify adopting the Additional North Carolina Provisions. It does not point to any basis for concluding that these provisions are necessary to assure that utilities "avoid the concealment, omission, misrepresentation, or nondisclosure of any material fact or information in any proceeding or filing before the Commission or ORS" as Order No. 2018-804 requires.

With all due respect to ORS, its request appears to be an example of regulation expanding in a way that is disconnected from real world concerns and without tangible benefits to customers.

Because ORS has not identified any substantive need for adopting the Additional North Carolina Provisions related to DESC's operations, and because the provisions go far beyond the requirements in Order No. 2018-804, DESC respectfully requests the Commission deny ORS's request and approve the Code of Conduct as originally presented to the Commission on July 1, 2019. Furthermore, the regulatory structure in North Carolina reflects specific issues and concerns in that state, specific practices that may have caused problems in that state, and the particular statutes and regulations under which utilities operate in that state, all of which differ greatly from South Carolina. For the Commission to use adoption of these provisions by the North Carolina Utilities Commission as a basis to impose them in this state would be improper.

In addition, ORS seeks removal of a waiver clause, which discloses that there may be times when DESC may be required to seek a waiver of Code of Conduct requirements for specific transactions or programs. ORS claims that the language "diminishes the appearance of DESC's commitment to transparency." This is not accurate. The Code of Conduct assures all interested parties of DESC's commitment to transparency, as have DESC's actions since the merger. It is a fact that future waivers may be required, and under Order No. 92-931, waivers have in fact been required on many occasions. It is difficult to see how concealing the possibility of future waiver requests increases transparency. It does just the opposite.

Likewise, ORS seeks imposition of a requirement that the Code of Conduct be reviewed every four years in a formal proceeding before the Commission, whether any party requests it or not. This is wasteful and unnecessary. ORS, DESC or potentially other interested parties may come before the Commission and seek revisions to the Code of Conduct at any time as circumstances indicate. Requiring a four-year review, whether necessary or not, is wasteful.

Therefore, for the above-stated reasons, DESC respectfully requests the Commission adopt DESC's July 1, 2019 proposed Code of Conduct, as it is fully consistent with Order No. 2018-804 and properly balances the interests in question.

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Please let us know if we can provide anything further.

Very truly yours,



K. Chad Burgess

KCB/kms

cc: All parties of record in Docket No. 2017-305-E  
All parties of record in Docket No. 2017-207-E  
All parties of record in Docket No. 2017-370-E  
(all via electronic mail only)